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SUBJECT: Ambassador's Courtesy Call on Trade Minister

¶1. Ambassador Nolan paid a courtesy call on Botswana's Minister of Trade and Industry Neo Moroka November 28 at the Minister's Office. Moroka thanked the U.S. for providing development assistance to Botswana since independence, and noted that both he and many of his staff had benefitted from scholarship programs which enabled them to study in the United States. Minister Moroka praised the Africa Growth and Opportunity Act (AGOA), calling it "the most significant trade preference program around." He said that AGOA has helped Botswana begin to diversify its economy, but acknowledged that the country still needed to do more to promote private sector growth and diversification, especially in the current economic climate in which demand for diamonds is lower. The Minister also praised the USAID-funded Southern Africa Global Competitiveness Hub and said that the Hub has played a significant role in assisting Botswana's private sector, especially through trade capacity building programs. Moroka commented that free trade negotiations between the U.S. and the Southern Africa Customs Union (SACU) were suspended in 2006 because "the USG wanted too much reciprocity and we needed to protect certain industry." However, he also said that in July 2008 the USG and SACU signed an agreement to work instead on a Trade Investment and Development Cooperation Agreement (TIDCA) as an interim step toward freer trade between the U.S. and the region, and Minister Moroka offered that he was "quite positive" about the prospects for the TIDCA.

Private Sector Focus

¶2. The Minister explained that President Khama is determined to grow Botswana's private sector and make it the engine for the country's economic growth. He acknowledged that currently Botswana's economy is "government led," but noted that the government's National Development Plan 10 which is now in draft form explicitly calls for the encouragement of private sector led economic growth. Minister Moroka said that Botswana is already using its diamond industry as a driver for diversification. With the opening of the Diamond Trading Center earlier this year, aggregation, cutting, and polishing of stones is now taking place in the country, and the government hopes that this will spill over into related industries including jewelry design/production and even glass manufacturing. The Minister also explained that though Botswana has a large cattle industry and exports beef (primarily to Europe), the country is not currently involved in leather production. He said that if the cattle industry changes its branding technique to avoid spoiling the hides, there is real potential for establishing a leather industry in Botswana. The government is also planning to encourage ostrich ranching and export of high-end ostrich leather goods.

Power, Water Limit Industry

¶3. The Ambassador praised Botswana's investments in capital projects and infrastructure. He asked about the expansion of the Morupule power station and planned Mmamabula Energy Project, both of which could transform Botswana into a net electricity exporter. Minister Moroka explained that energy drives all development, and until Botswana has a reliable source of power, it will be very

difficult to expand its economy or attract new foreign investment. He noted that in addition to power, water scarcity limits growth. The Minister asserted that once Botswana has steady power and a national master plan for water usage, the government hopes to attract agro-industry projects.

Potential for Service-Led Economy

¶4. Botswana hopes to take advantage of its strategic location "at the epicenter of the SADC region" and become a center for tourism, medicine, and regional transportation, according to Minister Moroka. He noted that President Khama has challenged his Transportation Minister to make Botswana a "transportation hub" within SADC. Though Botswana is already known for international safari tourism, the Minister advocates for the construction of a 5-star hotel in Gaborone and airport upgrades (including more international routes) to serve "the billionaires coming to trade at Gaborone's diamond hub." He was excited about projects to upgrade Botswana's medical facilities and training, and explained that the government wants Botswana to become a center for specialist medical attention. The GOB hopes that in a few years its citizens will no longer need to travel to South Africa for specialized medical care and that Botswana will actually attract medical tourists. The Ambassador praised the partnership between the University of Pennsylvania and University of Botswana medical schools as a great initiative that will help the GOB improve Botswana's medical system. He noted that over 100 UPenn medical students are now doing rotations in Botswana each year as part of their training. The Minister was glad to hear about this important private initiative, and said that as Botswana's health system improves, more and more Botswana medical students who go abroad for training return to Botswana to practice.

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Biographical Note

¶5. Neo Moroka was elected as Member of Parliament for Kgalagadi South constituency (Botswana Democratic Party) in 2004 and was then appointed Minister of Trade and Industry by former President Festus Mogae. He retained his portfolio when President Khama took power in April 2008. During his meeting with the Ambassador, Minister Moroka repeatedly described himself as "more of a businessman than a politician" and he highlighted his background as the former head of the Botswana Confederation of Commerce Industry and Manpower (BOCCIM) and work as the Managing Director for British Petroleum (BP) in both Botswana and Zambia, as well as his experience in banking and with Debswana. Moroka told us he was educated in the United States in the 1970s, where he attended Texas A&M and New Mexico State universities. His academic training was in wildlife biology. He is married with three adult sons and mentioned that he owns several large cattle ranches.

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